

**STATEMENT BY DR. DAVID R. RUSSELL  
COMMISSIONER OF HIGHER EDUCATION**

The Higher Education Student Funding Act (HESFA) provides the standard of review that is to be used in considering an institution's request that the penalty for increasing tuition and required fees in excess of the limits established in the HEFSA be waived. Specifically, it provides that the commissioner of higher education is to "determine whether the institution's request is sufficiently warranted, in which case no [penalty] shall occur." Section 173.1000.5 RSMo. According to guidelines established in CBHE rules, this standard recognizes that governing boards have a statutory role in setting tuition and that those board members have relationships with the institutions they represent that give them insight into the needs of the institution, state funding levels, and the extent to which students can be asked to contribute to the cost of their education. The waiver process is designed to ensure that the governing boards exercise that responsibility in a reasonable manner. The commissioner's role is to act as an independent advocate for the consumer, so to speak, in ensuring that the institutional governing board, in its collective judgment, has arrived at a decision with respect to tuition and fee increases that is supported by substantial evidence.

The University of Missouri System is the first institution to submit a waiver request. The request became necessary because the increase in tuition and required fees adopted by the university's governing board exceeds the amount permitted by HESFA, thereby triggering its penalty provisions. Specifically, as an institution with an above average tuition, HESFA permits the University of Missouri System to raise tuition for academic year 2011-12 by an amount equal to the percentage change in the CPI from December 2009 to December 2010. The change in CPI was 1.5%, permitting an increase in tuition and required fees at that institution of \$126.64 without a waiver. The UM Board of Curators approved an increase of \$461.00, amounting to a 5.5% change.<sup>1</sup>

Based on the University's responses to the criteria established to evaluate penalty waiver requests, I have concluded that the tuition rate increase adopted by the University of Missouri System is sufficiently warranted. The following are among the key points that have led to this determination:

- The university's waiver request is strongly supported by quantifiable information.
- Over the past three years, the total tuition increase for the University of Missouri is only slightly more than 1% above the CPI change for that same period (5.5% compared to 4.3%), whereas the decrease in state appropriations over that same period (including the proposed 7% decrease for FY 2012) is approximately 12.2%. This combination of modest or no tuition increases coinciding with sharp declines in state appropriations represent extraordinary historical circumstances.
- The University of Missouri has undertaken a number of measures over the past decade to cut, avoid, or defer operating costs. Those measures have totaled more than \$247 million since FY 1998.

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<sup>1</sup> Although not considered except in the context of a university's historical tuition policy, it is noted for the record that the University of Missouri declined to implement a tuition increase for the 2009-10 academic year. The law would have allowed a 2.7% increase based on the CPI change for 2009. That increase would have been permitted to be booked but not implemented pursuant to the tuition stabilization agreement reached between COPHE and the governor which also limited the FY 2010 state appropriation cut to 5%.

- This increase will still leave a budget shortfall of \$42 million for the upcoming fiscal year. This provides evidence that the University must continue to make serious efforts to reduce costs and operate more efficiently.
- University officials have demonstrated sensitivity to the issue of affordability by committing 20 percent of the new revenue gained from the tuition increase to additional financial aid for the neediest students.
- The financial situation in its entirety presents evidence that there are legitimate concerns about maintaining quality in academic programs, student services, and physical facilities

Shortly after assuming the position of commissioner in the summer of 2010, I engaged the leadership teams of the four-year institutions and Linn State Technical College in on-going conversations about the needs of their institutions and how they were addressing those needs. They described how they had enthusiastically supported the governor's call for a cap on tuition increases in two successive years, although several institutions had already maintained flat tuition for one or two years prior. The institutions had aggressively cut costs but were contemplating increases in tuition to catch up to unaddressed and unavoidable cost increases in such areas as utilities, fuel, and employee benefit programs.

These same institutions have since responded positively to the governor's concerted efforts to hold the proposed FY12 budget cut for higher education institutions to 7 percent by considering much lower tuition increases. If this trend continues to result in much smaller than anticipated tuition increases for the 2011-12 academic year, then I will maintain that the HEFSA process is being effectively implemented and the governor will have succeeded in keeping the cost of a college education as low as possible for Missouri students and their families.